

IPPB: Digitize and develop credit models for digital lending



Problem statement/objective

IPPB being a payments bank, cannot lend from its books. However, there is a significant unmet demand for low-value credit at the last mile, especially from the segments with no formal credit history. There are credit suppliers such as NBFCs without an on-ground agent network who lack the network to provide low-cost credit to such segments. This diversifies the product bouquet offered through agents as well as strengthens agents' poor economics. IPPB does not have experience in launching credit products via agents.

MSC's solution

- MSC conducted a study and helped IPPB on organization strategy on providing digital credit
- MSC helped IPPB implement the strategy in the form of an early-stage pilot in the category of digital gold loans, which MSC analyzed to identify gaps and successes
- Eventually, MSC helped IPPB roll out credit across its channel for the first time across categories such as gold loan, home loan, and an innovative G2P-linked digital credit

Key learnings and challenges

- A boiler-plate GTM: A templated model of go-to-market strategy can help in the rapid implementation of such product-based pilots. Otherwise, such pilots can take time and still run the risk of missing key aspects to taking a new product to market. E.g. the gold loan pilot did not have a robust mechanism of collecting leads from customers which resulted in lead leakage

Proposed targets / achieved targets

| Indicators | Target | Achieved | Potential impact |
|---|-------------|-------------|--|
| Loan amount disbursed / under application | USD 132,000 | USD 211,000 | More than 350,000 customers had received product details and enquired about the gold loan product. |
| Agents who participated in the pilot | 2,000 | 2,900 | |

Scale-up plan

When scaled up, the credit products will be offered through more than 175,000 postal agents, reaching the doorsteps of more than 49 million customers

- BNPL: While IPPB has already scaled up the product with multiple categories of digital credit on offer, MSC is working with IPPB to offer BNPL-like CICO transaction-based credit at the customer's doorstep.
- Credit aggregation platform: MSC is currently working with IPPB to build a credit-aggregation platform for IPPB that will offer a plug-and-play interface for lenders and a choice of multiple such lenders to the demand side i.e., last-mile customers



Grant head: IPPB